



**Whispering Winds
Charter School**

Financial Statements
And
Independent Auditors' Report

June 30, 2009

KATTELL AND COMPANY, P.L.

A professional accounting firm serving the nonprofit community

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FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS
JUNE 30, 2009
WHISPERING WINDS CHARTER SCHOOL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Whispering Winds Charter School

We have audited the accompanying financial statements of the governmental activities and each major fund of Whispering Winds Charter School (the "School"), a component unit of the Levy County District School Board, as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2009 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the budgetary comparison schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Kattell and Company, P.L.

October 15, 2009
Gainesville, Florida

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the School's financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the School's financial statements, which follow this section.

The following are various financial highlights for fiscal year 2009:

- The School's overall net assets increased by approximately \$55,000, which is about 8%.
- Total ending unrestricted net assets were approximately \$230,000.
- The School had total expenses for the year of about \$719,000, compared to revenues of approximately \$774,000.
- The School served 102 students in 2009 and 89 in 2008, serving grades K-5.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This annual report contains government-wide financial statements that report on the School's activities as a whole and fund financial statements that report on the School's individual funds.

Government-wide Financial Statements

The first financial statement is the Statement of Net Assets. This statement includes all of the School's assets and liabilities using the accrual basis of accounting. Accrual accounting is similar to the accounting used by most private-sector companies. All of the current year revenues and expenses are recorded, regardless of when cash is received or paid. Net assets – the difference between assets and liabilities – can be used to measure the School's financial position.

The second financial statement is the Statement of Activities. This statement is also shown using the accrual basis of accounting. It shows the increases and decreases in net assets during the fiscal year. Over time, the increases or decreases in net assets are useful indicators of whether the School's financial health is improving or deteriorating. However, other non-financial factors, such as enrollment levels or changes in state funding, must also be considered when assessing the overall health of the School.

In these statements, all of the School's activities are considered to be governmental activities. The School has no business-type activities, which are generally financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Following the government-wide financial statements are the fund financial statements. They provide more detailed information about the School's funds.

- Governmental funds – These funds are accounted for using modified accrual accounting. Modified accrual accounting focuses on available cash and other financial assets that can readily be converted to cash. This provides a shorter-term view of the governmental fund's financial position. A reconciliation is provided with these statements, which helps to explain the differences between the fund financial statements and the government-wide financial statements.

The School maintains three individual governmental funds, the General Fund, Special Revenue Fund and Capital Projects Fund. The General Fund, Special Revenue Fund and Capital Projects Funds are considered to be major funds and, accordingly, they are separately displayed.

CONDENSED FINANCIAL INFORMATION

The following table presents condensed, government-wide current year and prior year data about net assets and changes in net assets.

Net Assets

	2009 Governmental Activities	2008 Governmental Activities
Assets:		
Non-capital Assets	\$ 319,676	\$ 308,253
Capital Assets, Net	495,100	456,828
Total Assets	<u>814,776</u>	<u>765,081</u>
Liabilities:		
Current Liabilities	3,339	3,494
Long-term Liabilities	81,065	86,066
Total Liabilities	<u>84,404</u>	<u>89,560</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	414,035	370,762
Restricted	86,007	178,584
Unrestricted	230,330	126,175
Total Net Assets	<u>\$ 730,372</u>	<u>\$ 675,521</u>

Change in Net Assets

Program Revenues:		
Charges for Services	\$ 6,066	\$ 3,513
Operating Grants & Contributions	--	155,451
Capital Grants & Contributions	56,236	56,780
General Revenues:		
Title 1 Grant	26,185	21,341
IDEA Grant	10,962	
Florida Education Finance Program	661,028	588,549
Other State Revenues	--	14,927
Unrestricted Grants & Contributions	12,647	16,705
Unrestricted Investment Earnings	1,212	2,749
Total Revenues	<u>774,336</u>	<u>860,015</u>
Program Expenses:		
Instruction	461,473	423,053
Instructional Support Services	870	11,479
General Support	245,176	231,599
Community Service	6,514	4,031
Interest on Long-term Debt	5,452	5,761
Total Expenses	<u>719,485</u>	<u>675,923</u>
Change in Net Assets	54,851	184,092
Beginning Net Assets	675,521	491,429
Ending Net Assets	<u>\$ 730,372</u>	<u>\$ 675,521</u>

OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Governmental Activities

The governmental activities generated \$62,302 in program revenues and \$712,034 of general revenues, and incurred \$719,485 of program expenses. This resulted in a \$54,851 increase in net assets. The School did not receive any private grants this year but had a 16% increase in students while showing only a slight increase in expenses.

THE SCHOOL'S INDIVIDUAL FUNDS

General Fund

The fund balance of the General Fund has increased by \$106,152, from \$124,178 to \$230,330. The School's enrollment increased and the School used private grant funds for expenditures usually funded by General Funds.

Special Revenue Fund

The fund balance of the Special Revenue Fund decreased by \$32,475 from \$118,482 to \$86,007. The Title 1 grant funds, due to its nature, had a \$0 balance at the end of the year. The remaining balance in this fund is the unexpended portion of private grant funding.

Capital Projects Fund

The fund balance of the Capital Project Fund has decreased by \$62,099 from \$62,099 to \$0. The School used the reserve funds to purchase capital assets.

BUDGETARY HIGHLIGHTS -GENERAL FUND

The beginning budget was very conservative based on lower enrollment and in anticipation of up to 20% cutbacks. The enrollment was higher than expected and the cutbacks were not as severe as anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The School made many improvements including purchasing new a new classroom building and other renovations. Please refer to a note to the accompanying financial statements entitled *Capital Assets and Depreciation* for more detailed information about the School's capital asset activity.

Debt Administration

The School did not acquire new debt and made scheduled payments on previously existing debt. Please refer to a note to the accompanying financial statements entitled *Long Term Liabilities* for more detailed information about the School's long-term debt activity.

ECONOMIC FACTORS

The School believes that the economic situation is unstable and is preparing for the unexpected by maintaining a reserve fund balance.

CONTACTING THE SCHOOL'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dr. Suzann Cornell, principal, Whispering Winds Charter School at Post Office Box 506; Chiefland, Florida 32644.

Statement of Net Assets
June 30, 2009
Whispering Winds Charter School

Assets	Governmental Activities
Cash	\$ 314,794
Accounts Receivable	1,526
Prepays	2,576
Deposits	780
Capital Assets:	
Land	69,505
Depreciable Capital Assets, Net	425,595
 Total Assets	 814,776
Liabilities	
Accounts Payable	3,339
Long-Term Note Payable:	
Due Within One Year	5,342
Due In More Than One Year	75,723
 Total Liabilities	 84,404
Net Assets	
Invested in Capital Assets, Net of Related Debt	414,035
Restricted for:	
Special Revenue - Grants	86,007
Unrestricted	230,330
 Total Net Assets	 \$ 730,372

See accompanying notes.

Statement of Activities
For the Year Ended June 30, 2009
Whispering Winds Charter School

	Program Revenues			Net (Expense) Revenue and Change in Net Assets
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Expenses</u>				
Functions/Programs:				
Governmental Activities:				
Instruction	\$ (461,473)	\$ --	\$ --	\$ (461,473)
Instructional Support Services	(870)	--	--	(870)
General Support	(245,176)	6,066	56,236	(182,874)
Community Services	(6,514)	--	--	(6,514)
Interest on Long-Term Debt	(5,452)	--	--	(5,452)
Total	<u>\$ (719,485)</u>	<u>\$ 6,066</u>	<u>\$ --</u>	<u>(657,183)</u>

General Revenues:

Federal through State:	
Title I Grant	26,185
IDEA Grant	10,962
State Revenue:	
Florida Education Finance Program	661,028
Unrestricted Grants and Contributions	12,647
Unrestricted Investment Earnings	1,212
Total General Revenues	<u>712,034</u>
Change in Net Assets	54,851
Net Assets – Beginning of Year	<u>675,521</u>
Net Assets – End of Year	<u>\$ 730,372</u>

See accompanying notes.

Balance Sheet – Governmental Funds
June 30, 2009
Whispering Winds Charter School

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 228,787	\$ 86,007	\$ --	\$ 314,794
Accounts Receivable	1,526	--	--	1,526
Prepays	2,576	--	--	2,576
Deposits	780	--	--	780
Total Assets	<u>\$ 233,669</u>	<u>\$ 86,007</u>	<u>\$ --</u>	<u>\$ 319,676</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 3,339	\$ --	\$ --	\$ 3,339
Fund Balances:				
Reserved for:				
Prepays	2,576	--	--	2,576
Special Revenue – Grants	--	86,007	--	86,007
Unreserved	227,754	--	--	227,754
Total Fund Balances	230,330	86,007	--	316,337
Total Liabilities and Fund Balances	<u>\$ 233,669</u>	<u>\$ 86,007</u>	<u>\$ --</u>	<u>\$ 319,676</u>

See accompanying notes.

**Reconciliation of the Balance Sheet to the Statement of Net Assets-
Governmental Funds
June 30, 2009
Whispering Winds Charter School**

Fund Balances – Total Governmental Funds	\$ 316,337
Amounts reported for Governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not reported in the governmental funds.	
Capital Assets – Net of Accumulated Depreciation	495,100
Long-term liabilities are not due and payable in the current period and so are not reported as fund liabilities, but are included in the statement of net assets.	
Long-Term Liabilities	<u>(81,065)</u>
Net Assets of Governmental Activities	<u>\$ 730,372</u>

See accompanying notes.

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009
Whispering Winds Charter School

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Federal through State:				
Title I Grant	\$ --	\$ 26,185	\$ --	\$ 26,185
IDEA Grant	--	10,962	--	--
State Revenue:				
Florida Education Finance Program	661,028	--	--	661,028
Public Education Capital Outlay	--	--	56,236	56,236
Other State Revenue	--	--	--	--
Local Revenue:				
Gifts, Grants and Fundraising	790	--	--	11,752
Interest Income	479	733	--	1,212
Meal Service	6,065	--	--	6,065
Other Local Revenues	11,857	--	--	11,857
Total Revenues	680,219	37,880	56,236	774,335
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instructional	388,549	69,380	--	457,929
Instructional Support Services	870	--	--	870
General Support	178,135	975	--	179,110
Community Services	6,513	--	--	6,513
Capital Outlay	--	--	107,882	107,882
Debt Service:				
Principal	--	--	5,001	5,001
Interest	--	--	5,452	5,452
Total Expenditures	574,067	70,355	118,335	762,757
Excess of Revenues Over(Under)				
Expenditures	106,152	(32,475)	(62,099)	11,578
Fund Balances, July 1, 2008	124,178	118,482	62,099	304,759
Fund Balances, June 30, 2009	\$ 230,330	\$ 86,007	\$ --	\$ 316,337

See accompanying notes.

**Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities - Governmental Funds
For the Year Ended June 30, 2009
Whispering Winds Charter School**

Excess of Revenues over Expenditures – Total Governmental Funds \$ 11,578

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Current Year Expenditures for Capital Assets	78,437
Current Year Depreciation Expense	(40,165)

Repayment of principal is an expenditure in governmental funds, but reduces long-term liabilities in the statement of net assets.

Current Year Principal Payments	5,001
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Change in Net Assets of Governmental Activities	\$ 54,851
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See accompanying notes.

Notes to the Financial Statements
June 30, 2009
Whispering Winds Charter School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Whispering Winds Charter School conform to generally accepted accounting principles as applicable to governments. The more significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

Whispering Winds Charter School, Inc. is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The not-for-profit corporation conducts business as Whispering Winds Charter School (the “School”). The governing body of the School is the not-for-profit corporation’s Board of Directors.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the Levy County District School Board (the “District”). The current charter is effective until June 30, 2019, and may be renewed provided that a program review demonstrates that certain criteria addressed in Section 1002.33(7), Florida Statutes, have been successfully accomplished. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter, in which case the District is required to notify the School in writing at least 90 days prior to the charter’s expiration. Pursuant to Section 1002.33(8)(e), Florida Statutes, the charter school contract provides that in the event the School is dissolved or terminated, any unencumbered funds and all School property purchased with public funds automatically revert to the District. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a component unit of the District.

Criteria for determining if other entities are potential component units of the School which should be reported with the School’s basic financial statements are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. The application of these criteria provide for identification of any entities for which the School is financially accountable and other organizations for which the nature and significance of their relationship with the School are such that exclusion would cause the School’s basic financial statements to be misleading or incomplete. Based on these criteria, no component units are included within the reporting entity of the School.

Government-wide Financial Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the School. Governmental activities are reported separately from business-type activities, which rely on fees charged to external parties as their primary revenues. The School has no business-type activities.

Any internal interfund activity has been eliminated from the government-wide financial statements.

The Statement of Net Assets reports the School’s financial position as of the end of the fiscal year. In this statement, the School’s net assets are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The Statement of Activities is displayed using a net-cost format and reports the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges for services that are directly related to a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The financial transactions of the School are reported in individual funds in the fund financial statements. The governmental fund statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

Notes to the Financial Statements
June 30, 2009
Whispering Winds Charter School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following funds are used by the School:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the School. It is used to account for all financial resources, except those associated with grants that are restricted to specified uses.

Special Revenue Fund – The Special Revenue Fund is used to account for financial resources associated with grants that are restricted to operational uses.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources associated with grants that are restricted to capital uses.

In the accompanying fund financial statements, the General Fund, Special Revenue Fund and Capital Projects Fund are all considered to be major funds and, therefore, are separately displayed. The School has no nonmajor funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the related fund liability is incurred. However, debt service expenditures are recorded only when payment is due. Most revenues are considered to be susceptible to accrual and have been measured in the current fiscal period. Certain other revenue items are considered to be measurable and available only when cash is received.

Cash and Cash Equivalents

The School deposits its temporarily idle resources in financial institutions and purchases non negotiable certificates of deposit in financial institutions. At June 30, 2009, approximately \$4,000 was held in excess of FDIC insurance coverage. The School has no policy regarding deposit custodial credit risk.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. An offsetting “reserve” is reported in the fund financial statements to indicate that they do not represent available expendable resources.

Capital Assets and Depreciation

Capital assets are defined by the School as assets with an initial, individual cost of \$500 or more and an estimated useful life of more than one year. These assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value on the date of donation.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-30
Improvements	20-30
Furniture, Fixtures and Equipment	5-10
Motor Vehicles	5

Notes to the Financial Statements
June 30, 2009
Whispering Winds Charter School

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Revenue Sources

Revenues for current operations are received primarily from the District pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Florida Statutes the District reports the number of full-time equivalent (FTE) students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect the revised calculations by the FDOE under the Florida Educational Finance Program and the actual weighted full-time equivalent students reported by the School during the designated full-time equivalent student survey periods. The School also receives other financial assistance. This assistance is generally based on applications submitted to and approved by the granting agency.

Compensated Absences

The School pays for employees' unused sick time at a rate of 50%. All unused sick time is paid out at the end of the school year and unused time does not accumulate. The school does not pay for employees' unused vacation time and unused time does not accumulate. Therefore, no liability for compensated absences is recorded.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. In the fund financial statements, long-term liabilities are not reported in the governmental funds because governmental funds use the current financial resources measurement focus.

Net Assets

Net assets represent the difference between assets and liabilities and are reported in three categories as hereafter described. Net assets *invested in capital assets, net of related debt*, represent capital assets, net of accumulated depreciation and any outstanding debt related to those assets. Net assets are reported as *restricted* when there are legal limitations imposed on their use by legislation, or external restrictions imposed by other governments, creditors, or grantors. *Unrestricted* net assets are net assets that do not meet the definition of the classifications previously described. When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, and then unrestricted resources as they are needed.

Reserved Fund Balance

In the accompanying fund financial statements, the use of the term *reserved* is limited to indicating that a portion of reported fund equity is legally restricted to a specific future use or is not available for appropriation or expenditure.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Notes to the Financial Statements
June 30, 2009
Whispering Winds Charter School

NOTE 2 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
Capital Assets not Being Depreciated				
Land	\$ 69,505	\$ --	\$ --	\$ 69,505
Capital Assets Being Depreciated				
Buildings	347,207	62,718	--	409,925
Improvements	77,521	13,448	--	90,969
Furniture, Fixtures & Equipment	121,724	2,271	--	123,995
Motor Vehicles	14,430	--	--	14,430
Total Capital Assets	<u>630,387</u>	<u>78,437</u>	<u>--</u>	<u>708,824</u>
Accumulated Depreciation:				
Buildings	71,812	19,273	--	91,085
Improvements	21,217	4,096	--	25,313
Furniture, Fixtures & Equipment	76,201	13,910	--	90,111
Motor Vehicles	4,329	2,886	--	7,215
Total Accumulated Depreciation	<u>173,559</u>	<u>40,165</u>	<u>--</u>	<u>213,724</u>
Net Capital Assets	<u>\$ 456,828</u>	<u>\$ 38,272</u>	<u>\$ --</u>	<u>\$ 495,100</u>

Depreciation was charged to functions/programs as follows:

Instruction	\$ 5,344
General Support	<u>34,821</u>
Total Depreciation Expense	<u>\$ 40,165</u>

NOTE 3 – LONG-TERM LIABILITIES

During the year ended June 30, 2005, the School executed a note payable in the amount of \$100,000 payable at 6.5% interest for 15 years. The proceeds of the note were used to finance the purchase of real property. Long-term debt activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Note Payable	<u>\$ 86,066</u>	<u>\$ -</u>	<u>\$ 5,001</u>	<u>\$ 81,065</u>	<u>\$ 5,342</u>

Debt service payments are due as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2010	5,342	5,111	10,453
2011	5,699	4,754	10,453
2012	6,081	4,372	10,453
2013	6,488	3,965	10,453
2014	6,923	3,530	10,453
2015	7,387	3,066	10,453
2016	7,881	2,572	10,453
2017	8,409	2,044	10,453
2018	8,972	1,481	10,453
2019	9,573	880	10,453
2020	8,310	45	8,355
Total	<u>\$ 81,065</u>	<u>\$ 31,820</u>	<u>\$ 112,885</u>

Notes to the Financial Statements
June 30, 2009
Whispering Winds Charter School

NOTE 4 – RISK MANAGEMENT

The School is exposed to various risks of loss, including general liability, personal injury, workers compensation, and errors and omissions. To manage its risks, the School has purchased commercial insurance. Settled claims resulting from these risks have not exceeded commercial coverage in any of the last three years.

NOTE 5 – EMPLOYEE RETIREMENT PLAN

Florida Retirement System.

Plan Description – On January 1, 2008, the School began contributing to the Florida Retirement System (the “System”), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida, Department of Administration, Division of Retirement. The System provides retirement, disability, or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Florida Retirement System, 2639 North Monroe Street, Tallahassee, Florida 32399, or by calling (850)488-5706.

Funding Policy – The System is employee non-contributory. The School is required to contribute at an actuarially determined rate. The rate at June 30, 2009 was 9.85%. The contribution requirements of plan members and the School are established and may be amended by the Florida Legislature. The School’s contribution to the System for the years ended June 30, 2009 and 2008 was \$38,729 and \$19,473, respectively, which was equal to the required contribution for that year.

**Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2009
Whispering Winds Charter School**

<u>BUDGETED AMOUNTS</u>				
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
State Revenue:				
Florida Education Finance Program	\$ 475,052	\$ 661,028	\$ 661,028	\$ --
Local Revenue:				
Gifts and Fundraising	3,000	790	790	--
Interest Income	1,162	479	479	--
Meal Service	--	6,065	6,065	--
Other Local Revenue	--	11,857	11,857	--
Total Revenues	479,214	680,219	680,219	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instructional	325,064	388,549	388,549	--
Instructional Support Services	360	870	870	--
General Support	154,446	178,135	178,135	--
Community Services	--	6,513	6,513	--
Total Expenditures	479,870	574,067	574,067	--
Excess of Revenues Over (Under) Expenditures	(656)	106,152	106,152	--
Fund Balances, July 1, 2008	124,178	124,178	124,178	--
Fund Balances, June 30, 2009	\$ 123,522	\$ 230,330	\$ 230,330	\$ --

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

**Budgetary Comparison Schedule – Special Revenue Fund
For the Year Ended June 30, 2009
Whispering Winds Charter School**

	<u>BUDGETED AMOUNTS</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues				
Revenues:				
Federal through State:				
Title I Grant	\$ 23,790	\$ 26,185	\$ 26,185	\$ --
IDEA Grant	--	10,962	10,962	--
Non Governmental Grants Interest Income	--	733	733	--
Total Revenues	23,790	37,880	37,880	--
Expenditures and Changes in Fund Balances				
Expenditures:				
Current:				
Instructional	23,790	69,380	69,380	--
Instructional Support Services	--	--	--	--
General Support	--	975	975	--
Total Expenditures	23,790	70,355	70,355	--
	--			
Excess of Revenues Over (Under)Expenditures	--	(32,475)	(32,475)	--
Fund Balances, July 1, 2008	118,482	118,482	118,482	--
Fund Balances, June 30, 2009	\$ 118,482	\$ 86,007	\$ 86,007	\$ --

Note to Schedule:

An annual Budget is adopted on the modified accrual basis of accounting, consistent with generally accepted accounting principles. Amendments to the budget can only be made with the approval of the Board of Directors. The fund is the legal level of control.

Kattell and Company, P.L.

Serving the Nonprofit Community

808-B NW 16th Avenue Gainesville, Florida 326061 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

MANAGEMENT LETTER

To the Board of Directors,
Whispering Winds Charter School

We have audited the financial statements of Whispering Winds Charter School (the "School"), as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated October 15, 2009.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters and our Schedule of Findings. Disclosures in that report and schedule should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.850, Rules of the Auditor General, which govern the conduct of charter school and similar entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' reports or schedule:

Prior Audit Findings. The Rules of the Auditor General require that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address the recommendations made in the preceding annual financial audit report. Finding 09-01 is a repeat of Finding 08-01. With regard to this finding, we did not recommend that the School make any changes and the School did not.

Recommendations to Improve Financial Management. Rules of the Auditor General require that we address any recommendations to improve financial management. We did not have any such recommendations.

Immaterial Noncompliance. Rules of the Auditor General require that we address violations of laws, regulations, contract or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. We did not have any such findings.

Other Matters. Section 10.854(1)(e)4, Rules of the Auditor General, provides that the auditor may report other matters that are inconsequential to the determination of financial statement amounts. There are no other matters that, based on our professional judgment, will be included in this management letter.

Name. The name or official title of the School is Whispering Winds Charter School, Inc.

Financial Emergency. Rules of the Auditor General require a statement be included as to whether or not the School has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. We determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition Assessment. Rules of the Auditor General require that we apply financial condition assessment procedures. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. We did not identify deteriorating financial conditions.

* * * * *

Pursuant to Chapter 119, Florida Statutes, the management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Board of Directors of the School, the District School Board and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Thank you for the cooperation and courtesies extended to us during the course of the audit. Please let us know if you have any questions or comments concerning this letter, our accompanying reports, or any other matters.

Kattell and Company, P.L.

October 15, 2009
Gainesville, Florida

Kattell and Company, P.L.

Serving the Nonprofit Community

808-B NW 16th Avenue, Gainesville, Florida 32601 TEL: 352-395-6565 FAX: 352-395-6636 www.kattell.com

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

To the Board of Directors,
Whispering Winds Charter School

We have audited the financial statements of the governmental activities and each major fund of Whispering Winds Charter School (the "School") as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements and have issued our report thereon dated October 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

* * * * *

The School's response to the finding identified in our audit is described in the accompanying letter. We did not audit the School's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School's management and Board of Directors, the District School Board and the State of Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Kattell and Company, P.L.

October 15, 2009
Gainesville, Florida

Schedule of Findings
June 30, 2009
Whispering Winds Charter School

09-01 *Finding* – The School does not have sufficient internal controls to provide for the preparation of financial statements in accordance with generally accepted accounting principles without the assistance of the independent auditor.

Recommendation – We have no recommendation since we do not believe it is cost effective for the School to implement such revisions in controls. However, professional standards require us to make you aware of this condition. This finding should not be interpreted to reflect negatively on the fiscal operations and reporting of the School in general. It should only be viewed in light of the preparation of financial statements at year end.



Whispering Winds Charter School

2480 NW Old Fannin Road ~ Chiefland, FL 32626
(352) 490-5799 ~ Fax (352) 490-7242

October 15, 2009

Mr. Steve Kattel
Kattel and Company
4055 NW 43rd Street
Gainesville, FL 32606

Re: 2008-09 Audit, Response to Findings

Dear Mr. Kattel,

Findings: Kattel and Company found no significant findings for the 2008-09 school year. The only finding was regarding the preparation of financial statements in accordance with generally accepted accounting principles. However, as the auditors noted, they have no recommendations as we do not have the personnel who are skilled in preparing financial statements in accordance with generally accepted accounting principles.

We accept this finding as we do not have the personnel to provide these services.

As usually, your staff provided friendly and professional services. We appreciate your attention to detail and your willingness to work with us during the busy beginning of school time.

Sincerely,



J. Suzann Cornell, Ph.D.
Principal

Excellence is never an accident